



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF HUMAN SERVICES
LANSING

ISMAEL AHMED
DIRECTOR

February 27, 2008

The Honorable Bill Hardiman, Chair
Senate Appropriations Subcommittee on DHS
915 Farnum Building
P.O. Box 30036
Lansing, Michigan 48909-7536

The Honorable Dudley Spade, Chair
House Appropriations Subcommittee on DHS
Michigan House of Representatives
Lansing, MI 48909-7514

Dear Senator Hardiman and Representative Spade:

Section 218(1) of 2007 Public Act No. 131 requires the Department of Human Services to prepare an annual report on the status of the Temporary Assistance for Needy Families (TANF) federal block grant. Our report for Fiscal Year 2008 is attached.

The attached report shows Michigan's projected TANF utilization and state spending countable against the TANF maintenance of effort. While DHS is the single state agency responsible for this federal block grant, TANF revenues are budgeted in other state agencies as well. For Fiscal Year 2008, TANF revenues were appropriated to the Department of Labor and Economic Growth and the Department of Community Health. The attached report provides the assumptions contained in 2007 PA 131 and the FY 2009 Executive Budget.

In FY 2008, DHS direct spending of TANF is estimated at \$523.51 million. In addition, we expect to transfer \$27.0 million to the Social Services Block Grant and \$130.0 million to the Child Care Development Fund.

The report reflects that all available funding will be fully expended in the current fiscal year with no balance available to be carried forward to Fiscal Year 2009.

The state maintenance of effort (MOE) requirement is assumed at the 80% level. A substantial portion of the required MOE spending is authorized and appropriated within the DHS budget. Combined General Fund spending in the Department of Education for the School Readiness Program and other School Aid programs comprise the second-largest component of the MOE spending requirement.

If you have any questions regarding this information, please contact Susan Kangas, director of the DHS Budget Division, at (517) 241-2453.

Sincerely,

A handwritten signature in black ink that reads "Ismael Ahmed". The signature is written in a cursive style with a large, stylized 'I' and 'A'.

Ismael Ahmed

Enclosure

C: Senate and House Appropriations Subcommittee on DHS
Senate and House Fiscal Agencies
Senate and House Policy Offices
State Budget Director

FISCAL YEAR 2008
SUMMARY OF PROJECTED T.A.N.F. UTILIZATION AND
STATE SPENDING COUNTABLE AGAINST THE M.O.E. REQUIREMENT /1/

PROJECTED TANF UTILIZATION:

DEPARTMENT OF HUMAN SERVICES: /4/

	Projected TANF Utilization			Projected State
	Direct TANF Draws	TANF Transfer to CCDF /2/	TANF Transfer to Title XX /3/	Spending Countable Toward TANF MOE
Executive Operations	\$7,017,543	\$0	\$0	\$2,014,900 /5/
Adult and Family Services	\$31,994,736	\$0	\$0	\$1,102,000 /5/
Children's Services	\$108,115,477	\$0	\$0	\$598,600 /5/
Juvenile Justice Services	\$81,585,383	\$0	\$0	\$20,800 /5/
Local Office Staff and Operations	\$87,176,330	\$0	\$0	\$27,541,500 /5/
Central Support Accounts	\$59,652,413	\$0	\$0	\$16,151,600 /5/
Public Assistance	\$128,442,080	\$0	\$0	\$311,169,500 /6/
Community Action and Economic Opportunity	\$2,600,000	\$0	\$0	\$0
Information Technology	\$16,881,298	\$0	\$0	\$0
Office of Children and Adult Licensing	\$40,242	\$0	\$0	\$0
SUBTOTALS, DEPARTMENT OF HUMAN SERVICES	\$523,505,502	\$130,000,000	\$27,000,000	\$358,598,900
DEPARTMENT OF LABOR & ECONOMIC GROWTH /7/	\$76,142,500	\$0	\$0	\$45,600,000 /9/
DEPARTMENT OF COMMUNITY HEALTH /8/	\$18,375,200	\$0	\$0	\$2,230,000
STATEWIDE COST ALLOCATION PLAN	\$0	\$0	\$0	\$0
DEPARTMENT OF EDUCATION	\$0	\$0	\$0	\$68,912,700 /10/
DEPARTMENT OF EDUCATION	\$0	\$0	\$0	\$24,411,400 /11/
COLUMN TOTALS	\$618,023,202	\$130,000,000	\$27,000,000	\$499,753,000
PROJECTED TOTAL TANF TRANSFER TO CCDF /2/	\$130,000,000			
PROJECTED TOTAL TANF TRANSFER TO TITLE XX /3/	\$27,000,000			
COST ALLOCATION AND OTHER MISCELLANEOUS ADJUSTMENTS /12/	\$664,490			
PROJECTED TOTAL TANF UTILIZATION	\$775,687,692			
COMPARISON OF PROJECTED TANF UTILIZATION TO TOTAL BLOCK GRANT AMOUNT				
TOTAL TANF BLOCK GRANT AMOUNT FY 2008 (Continuing Resolution)	\$775,352,858			
PLUS FY 2007 TANF CARRYFORWARD and BONUSES /13/	\$334,834			
BLOCK GRANT AVAILABLE IN FY 2008	\$775,687,692			
LESS PROJECTED TOTAL TANF UTILIZATION	\$775,687,692			
EQUALS BALANCE OF BLOCK GRANT AVAILABLE	\$0			

FISCAL YEAR 2008
SUMMARY OF PROJECTED T.A.N.F. UTILIZATION AND
STATE SPENDING COUNTABLE AGAINST THE M.O.E. REQUIREMENT /1/

PROJECTED TANF UTILIZATION:

Projected TANF Utilization			Projected State
Direct TANF Draws	TANF Transfer to CCDF /2/	TANF Transfer to Title XX /3/	Spending Countable Toward TANF MOE

MAINTENANCE OF EFFORT SUMMARY

PROJECTED STATE SPENDING COUNTABLE TOWARD THE

T.A.N.F. MAINTENANCE OF EFFORT

\$499,753,000

LESS STATE MAINTENANCE OF EFFORT AT 80 PERCENT, /14/

\$499,753,000

EQUALS PROJECTED MOE SURPLUS/(SHORTFALL)

\$0

Notes:

- /1/ Temporary Assistance for Needy Families (TANF), Maintenance of Effort (M.O.E.)
- /2/ TANF funds may be transferred to the Child Care and Development Fund (CCDF) pursuant to Sec. 404(d)(1)(b), Title I of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.
- /3/ TANF funds may be transferred to the Title XX Social Services Block Grant pursuant to Sec. 404(d)(1)(a), Title I of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. The maximum TANF to Title XX transfer amount was restored in FY 2004 to 10% of the available TANF grant of \$775.3M, and remains at that level. The Budget Division has "capped" the TANF to Title XX transfer at \$27.0 million per negotiations with the State Budget Office.
- /4/ Figures for DHS are based on the enacted 2008 budget and certain assumptions concerning Interagency Agreements with other agencies. As the single state agency, DHS reports on TANF appropriated directly to other agencies.
- /5/ All State General Fund/General Purpose.
- /6/ State General Fund/General Purpose plus the State share of projected child support collections plus the CCDF MOE in Day Care that can be counted towards TANF MOE.
- /7/ TANF funding in the Department of Labor & Economic Growth currently supports various work-related activities administered by that department. The figure shown reflects the FY 2008 enacted Budget.
- /8/ TANF funds in DCH support the Family Support Subsidy Program, which provides assistance to families with impaired children. The figure shown reflects the enacted FY 2008 budget and projected FY 2008 expenditures for the FSS program.
- /9/ All private Public Service Commission funding (Low Income & Energy Efficiency Funds) appropriated to the Department of Labor & Economic Growth. DHS has executed an interagency agreement with DLEG to utilize a portion of these funds as TANF MOE spending within the DHS budget.

The purpose of this program is to supplement existing energy assistance programs, enabling the providing organizations to increase the level of assistance provided to clients, serve more clients at the existing assistance levels and under current eligibility guidelines, and/or expand the eligibility requirements to include low-income households not eligible under current eligibility guidelines.
- /10/ General Fund spending in the Department of Education for the School Readiness Program and School Aid Programs and Great Parents/Great Start based on the enacted FY 2008 budget.
- /11/ The CCDF MOE requirement is being met by counting \$19.5M in GF/GP spending in the DHS budget and \$4.8M of General Fund spending in the Department of Education for Pre-K services (the School Readiness Program). This CCDF MOE can also be counted towards the TANF MOE requirement.
- /12/ Adjustments include cost allocation revisions, write-offs of accounts payable, fraud collections and processing, recoveries through Month 13, recoupment revenue adjustments and other adjustments made to comply with standard accounting practices and regulations.
- /13/ We have reflected the FY 2007 book closing carryforward figure in this report.
- /14/ We have reflected the FY 2008 Maintenance of Effort percentage of 80%.